

Financial Statements

For the Six Months Ended Sep. 30, 2018

Yamaguchi Financial Group, Inc.

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CONSOLIDATED FINANCIAL INFORMATION

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(Note)

- ① Information presented herein has been extracted from the original material, solely for the convenience of the readers outside Japan.
The amounts presented herein have not been audited.
- ② "△" means a negative number.
- ③ Figures less than ¥1 million are omitted.

CONSOLIDATED FINANCIAL INFORMATION

1. CONSOLIDATED BALANCE SHEETS

March 31 and September 30, 2018

		Millions of yen	
		March 31	September 30
ASSETS			
Assets	(資産の部)		
Cash and due from banks	現金預け金	985,502	929,130
Call loans and bills purchased	コールローン及び買入手形	77,436	183,963
Monetary claims bought	買入金銭債権	8,403	6,890
Trading assets	特定取引資産	1,514	1,538
Money held in trust	金銭の信託	40,923	24,406
Securities	有価証券	1,727,835	1,597,610
Loans and bills discounted	貸出金	7,157,836	7,235,530
Foreign exchanges	外国為替	17,851	24,560
Lease receivables and investment assets	リース債権及びリース投資資産	16,034	16,880
Other assets	その他資産	189,613	197,551
Tangible fixed assets	有形固定資産	94,502	94,068
Intangible fixed assets	無形固定資産	10,944	11,020
Net defined benefit asset	退職給付に係る資産	44,704	46,492
Deferred tax assets	繰延税金資産	1,083	1,105
Customers' liabilities for acceptances and guarantees	支払承諾見返	44,048	49,323
Allowance for loan losses	貸倒引当金	△ 51,689	△ 53,301
Total assets	資産の部合計	10,366,547	10,366,773
LIABILITIES AND NET ASSETS			
Liabilities	(負債の部)		
Deposits	預金	8,739,092	8,776,928
Negotiable certificates of deposit	譲渡性預金	616,658	553,314
Call money and bills sold	コールマネー及び売渡手形	62,288	46,190
Payables under securities lending transactions	債券貸借取引受入担保金	46,883	108,610
Trading liabilities	特定取引負債	493	548
Borrowed money	借入金	29,799	28,296
Foreign exchanges	外国為替	127	219
Bonds with warrants	新株予約権付社債	63,744	49,187
Other liabilities	その他負債	67,771	56,520
Provision for bonuses	賞与引当金	3,232	3,363
Net defined benefit liability	退職給付に係る負債	1,797	1,860
Provision for directors' retirement benefits	役員退職慰労引当金	279	281
Provision for loss on interest repayments	利息返還損失引当金	22	17
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,672	1,465
Provision for customers point services	ポイント引当金	71	80
Provision for management board benefit trust	役員株式給付引当金	251	261
Reserves under special laws	特別法上の引当金	27	27
Deferred tax liabilities	繰延税金負債	16,962	15,066
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	10,871	10,868
Acceptances and guarantees	支払承諾	44,048	49,323
Total liabilities	負債の部合計	9,706,096	9,702,433
Net Assets			
	(純資産の部)		
Capital stock	資本金	50,000	50,000
Capital surplus	資本剰余金	60,882	58,986
Retained earnings	利益剰余金	470,696	481,238
Treasury stock	自己株式	△ 22,107	△ 21,473
Total shareholders' equity	株主資本合計	559,471	568,750
Unrealized gains on available-for-sale securities	その他有価証券評価差額金	59,926	54,018
Deferred losses on hedges	繰延ヘッジ損益	△ 167	247
Revaluation reserve for land	土地再評価差額金	24,532	24,525
Remeasurements of defined benefit plans	退職給付に係る調整累計額	10,349	10,368
Total accumulated other comprehensive income	その他包括利益累計額合計	94,641	89,159
Stock options	新株予約権	358	208
Non-controlling interests	非支配株主持分	5,978	6,220
Total net assets	純資産の部合計	660,451	664,339
Total liabilities and net assets	負債及び純資産の部合計	10,366,547	10,366,773

2. CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The six months ended September 30, 2017 and 2018

(CONSOLIDATED STATEMENTS OF INCOME)

		Millions of yen	
		2017	2018
Ordinary Income	経常収益	81,655	82,829
Interest income:	資金運用収益	49,787	50,693
Interest on loans and discounts	(うち貸出金利息)	37,094	38,468
Interest and dividends on securities	(うち有価証券利息配当金)	12,163	11,574
Fees and commissions	役務取引等収益	13,613	12,319
Trading income	特定取引収益	1,541	1,569
Other ordinary income	その他業務収益	8,315	10,237
Other income	その他経常収益	8,396	8,009
Ordinary Expenses	経常費用	54,446	63,692
Interest expense:	資金調達費用	3,773	4,832
Interest on deposits	(うち預金利息)	2,249	3,046
Fees and commissions payments	役務取引等費用	4,422	4,473
Trading expenses	特定取引費用	6	-
Other operating expenses	その他業務費用	8,348	13,404
General and administrative expenses	営業経費	35,335	36,266
Other expenses	その他経常費用	2,560	4,715
Ordinary profit	経常利益	27,209	19,136
Extraordinary income	特別利益	666	0
Gain on disposal of non-current assets	固定資産処分益	0	0
Compensation for transfer	移転補償金	289	-
Gain on exemption from employees' retirement benefit trust	退職給付信託返還益	376	-
Extraordinary loss	特別損失	80	38
Loss on disposal of non-current assets	固定資産処分損	12	27
Impairment losses	減損損失	67	11
Transfer to reserve for financial products transaction liabilities	金融商品取引責任準備金繰入額	0	-
Income before income taxes and minority interests	税金等調整前中間純利益	27,794	19,098
Income taxes-Current	法人税、住民税及び事業税	6,641	5,659
Income taxes-Deferred	法人税等調整額	2,032	241
Total income taxes	法人税等合計	8,674	5,901
Net income	中間純利益	19,120	13,196
Net income attributable to non-controlling interests	非支配株主に帰属する中間純利益	340	180
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益	18,780	13,015

(CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)

		Millions of yen	
		2017	2018
Net income	中間純利益	19,120	13,196
Other comprehensive income	その他の包括利益	9,146	△ 5,478
Unrealized gains (losses) on available-for-sale securities	その他有価証券評価差額金	8,712	△ 5,911
Deferred gains (losses) on hedges	繰延ヘッジ損益	81	414
Remeasurements of defined benefit plans	退職給付に係る調整額	352	18
Comprehensive income	中間包括利益	28,266	7,717
Comprehensive income attributable to:	(内訳)		
Total comprehensive income attributable to owners of the parent	親会社株主に係る中間包括利益	27,923	7,540
Total comprehensive income attributable to non-controlling interests	非支配株主に係る中間包括利益	343	177

3. CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

The six months ended September 30, 2017

	Million of yen				
	Shareholders' Equity				
	株主資本				
	Capital Stock 資本金	Capital Surplus 資本剰余金	Retained Earnings 利益剰余金	Tresuary Stock 自己株式	Total Shareholders' Equity 株主資本合計
Balance at beginning of current period 当期首残高	50,000	60,765	442,258	△ 22,702	530,322
Changes of items during period 当中間期変動額					
Dividend paid 剰余金の配当			△ 1,979		△ 1,979
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益			18,780		18,780
Purchase of treasury stock 自己株式の取得				△ 11	△ 11
Disposal of treasury stock 自己株式の処分		142		339	482
Reversal of revaluation reserve for land 土地再評価差額金の取崩					—
Net changes in terms other than shareholders' equity 株主資本以外の項目の当中間期変動額（純額）					
Total changes of items during period 当中間期変動額合計	—	142	16,800	328	17,271
Balance at end of current period 当中間期末残高	50,000	60,907	459,059	△ 22,373	547,593

	Million of yen							
	Accumulated other comprehensive income					Stock options	Non-controlling Interests	Total Net Assets
	その他の包括利益累計額							
	Unrealized gain on available-for-sale securities	Deferred losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
	その他有価証券評価差額金	繰延ヘッジ損益	土地再評価差額金	退職給付に係る調整累計額	その他の包括利益累計額合計	新株予約権	非支配株主持分	純資産合計
Balance at beginning of current period 当期首残高	55,524	△ 216	24,532	980	80,821	512	5,396	617,052
Changes of items during period 当中間期変動額								
Dividend paid 剰余金の配当								△ 1,979
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益								18,780
Purchase of treasury stock 自己株式の取得								△ 11
Disposal of treasury stock 自己株式の処分								482
Reversal of revaluation reserve for land 土地再評価差額金の取崩								—
Net changes in terms other than shareholders' equity 株主資本以外の項目の当中間期変動額（純額）	8,709	81	—	352	9,143	△ 85	394	9,452
Total changes of items during period 当中間期変動額合計	8,709	81	—	352	9,143	△ 85	394	26,724
Balance at end of current period 当中間期末残高	64,233	△ 135	24,532	1,333	89,964	427	5,790	643,777

The six months ended September 30, 2018

	Million of yen				
	Shareholders' Equity				
	株主資本				
	Capital Stock 資本金	Capital Surplus 資本剰余金	Retained Earnings 利益剰余金	Tresuary Stock 自己株式	Total Shareholders' Equity 株主資本合計
Balance at beginning of current period 当期首残高	50,000	60,882	470,696	△ 22,107	559,471
Changes of items during period 当中間期変動額					
Dividend paid 剰余金の配当			△ 2,481		△ 2,481
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益			13,015		13,015
Purchase of treasury stock 自己株式の取得				△ 21,116	△ 21,116
Disposal of treasury stock 自己株式の処分		△ 1,896		21,749	19,853
Reversal of revaluation reserve for land 土地再評価差額金の取崩			7		7
Net changes in terms other than shareholders' equity 株主資本以外の項目の当中間期変動額（純額）					
Total changes of items during period 当中間期変動額合計	—	△ 1,896	10,541	633	9,279
Balance at end of current period 当中間期末残高	50,000	58,986	481,238	△ 21,473	568,750

	Million of yen							
	Accumulated other comprehensive income					Stock options	Non-controlling Interests	Total Net Assets
	その他の包括利益累計額							
	Unrealized gain on available-for-sale securities その他有価証券評価差額金	Deferred losses on hedges 繰延ヘッジ損益	Revaluation reserve for land 土地再評価差額金	Remeasurements of defined benefit plans 退職給付に係る調整累計額	Total accumulated other comprehensive income その他の包括利益累計額合計	新株予約権	非支配株主持分	純資産合計
Balance at beginning of current period 当期首残高	59,926	△ 167	24,532	10,349	94,641	358	5,978	660,451
Changes of items during period 当中間期変動額								
Dividend paid 剰余金の配当								△ 2,481
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益								13,015
Purchase of treasury stock 自己株式の取得								△ 21,116
Disposal of treasury stock 自己株式の処分								19,853
Reversal of revaluation reserve for land 土地再評価差額金の取崩								7
Net changes in terms other than shareholders' equity 株主資本以外の項目の当中間期変動額（純額）	△ 5,908	414	△ 7	18	△ 5,482	△ 150	241	△ 5,390
Total changes of items during period 当中間期変動額合計	△ 5,908	414	△ 7	18	△ 5,482	△ 150	241	3,888
Balance at end of current period 当中間期末残高	54,018	247	24,525	10,368	89,159	208	6,220	664,339

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

The six months ended September 30, 2017 and 2018

		Millions of yen	
		2017	2018
Cash flows from operating activities:	営業活動によるキャッシュ・フロー		
Income before income taxes and minority interests	税金等調整前中間純利益	27,794	19,098
Depreciation	減価償却費	1,947	3,088
Impairment losses	減損損失	67	11
Amortization of goodwill	のれん償却額	197	175
Equity in earnings of affiliates	持分法による投資損益 (△は益)	△ 2	△ 4
Net change in allowance for loan losses	貸倒引当金の増減 (△)	△ 2,839	1,611
Net change in provision for bonuses	賞与引当金の増減額 (△は減少)	5	131
Net change in defined benefit asset	退職給付に係る資産の増減額 (△は増加)	△ 714	△ 1,788
Net change in defined benefit liability	退職給付に係る負債の増減額 (△は減少)	△ 121	62
Net change in provision for directors' retirement benefits	役員退職慰労引当金の増減額 (△は減少)	9	2
Net change in provision for management board benefit trust	役員株式給付引当金の増減額 (△は減少)	75	10
Net change in provision for loss on interest repayments	利息返還損失引当金の増減額 (△は減少)	△ 0	△ 5
Net change in provision for reimbursement of deposits	睡眠預金払戻損失引当金の増減 (△)	△ 198	△ 207
Net change in provision for customers point services	ポイント引当金の増減額 (△は減少)	△ 0	9
Net change in reserves under special laws	特別法上の引当金の増減額 (△は減少)	0	-
Interest income	資金運用収益	△ 49,787	△ 50,693
Interest expenses	資金調達費用	3,773	4,832
Net gains related to securities transactions	有価証券関係損益 (△)	△ 7,777	△ 4,626
Net gains from money held in trust	金銭の信託の運用損益 (△は運用益)	1,094	717
Net exchange gains	為替差損益 (△は益)	△ 2,241	△ 5,608
Net losses from disposition of fixed assets	固定資産処分損益 (△は益)	12	27
Gain on exemption from employees' retirement benefit trust	退職給付信託返還益	△ 376	-
Net change in trading assets	特定取引資産の純増 (△) 減	314	△ 24
Net change in trading liabilities	特定取引負債の純増減 (△)	△ 459	55
Net change in loans and bills discounted	貸出金の純増 (△) 減	△ 179,021	△ 77,694
Net change in deposits	預金の純増減 (△)	179,599	37,836
Net change in negotiable certificates of deposits	譲渡性預金の純増減 (△)	△ 59,100	△ 63,343
Net change in borrowed money excluding subordinated loans	借入金 (劣後特約付借入金を除く) の純増減 (△)	214	△ 1,502
Net change in deposits with bank	預け金 (日銀預け金を除く) の純増 (△) 減	1,434	1,586
Net change in call loans and bills purchased	コールローン等の純増 (△) 減	△ 38,411	△ 105,013
Net change in call money and bills sold	コールマネー等の純増減 (△)	△ 47,641	△ 16,098
Net change in payables under securities lending transactions	債券貸借取引受入担保金の純増減 (△)	8,700	61,726
Net change in foreign exchanges (asset account)	外国為替 (資産) の純増 (△) 減	△ 5,464	△ 6,708
Net change in foreign exchanges (liability account)	外国為替 (負債) の純増減 (△)	△ 45	92
Net change in lease receivables and investment assets	リース債権及びリース投資資産の純増 (△) 減	△ 1,247	△ 845
Interest received	資金運用による収入	44,400	47,010
Interest paid	資金調達による支出	△ 3,600	△ 4,961
Other, net	その他	△ 43,784	7,685
Subtotal	小計	△ 173,194	△ 153,353
Income taxes paid	法人税等の支払額	△ 3,038	△ 10,652
Income taxes refunds	法人税等の還付額	37	-
Net cash provided by operating activities	営業活動によるキャッシュ・フロー	△ 176,196	△ 164,005
Cash flows from investing activities:	投資活動によるキャッシュ・フロー		
Purchases of securities	有価証券の取得による支出	△ 1,110,362	△ 1,221,492
Proceeds from sales of securities	有価証券の売却による収入	1,124,821	1,224,188
Proceeds from maturity of securities	有価証券の償還による収入	81,940	116,378
Purchases of money held in trust	金銭の信託の増加による支出	△ 2,990	△ 2,180
Proceeds from sales of money held in trust	金銭の信託の減少による収入	8,382	17,885
Purchases of tangible fixed assets	有形固定資産の取得による支出	△ 2,864	△ 1,765
Proceeds from sales of tangible fixed assets	有形固定資産の売却による収入	0	4
Purchases of intangible fixed assets	無形固定資産の取得による支出	△ 1,961	△ 1,414
Net cash provided by (used in) investing activities	投資活動によるキャッシュ・フロー	96,966	131,605
Cash flows from financing activities:	財務活動によるキャッシュ・フロー		
Dividends paid	配当金の支払額	△ 1,979	△ 2,481
Dividends paid to non-controlling shareholders	非支配株主への配当金の支払額	△ 2	△ 2
Purchases of treasury stock	自己株式の取得による支出	△ 11	△ 20,112
Proceeds from disposal of treasury stock	自己株式の処分による収入	279	197
Proceeds from sales of shares of parent held by subsidiaries	子会社の所有する親会社株式の売却による収入	587	1
Net cash used in financing activities	財務活動によるキャッシュ・フロー	△ 1,126	△ 22,397
Effect of exchange rate changes on cash and cash equivalents	現金及び現金同等物に係る換算差額	2	12
Net change in cash and cash equivalents	現金及び現金同等物の増減額 (△は減少)	△ 80,352	△ 54,786
Cash and cash equivalents at beginning of period	現金及び現金同等物の期首残高	937,565	957,345
Cash and cash equivalents at end of period	現金及び現金同等物の中間期末残高	857,213	902,558